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Implementation Date: January 3, 2005

## *MMA - Announcement of Medicare Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs) Payment Rate Increase – Skilled Nursing Facility (SNF) Consolidated Billing (CB) As It Applies to Services Provided by RHCs and FQHCs*

**Note:** This article was revised to contain Web addresses that conform to the new CMS web site and to show they are now MLN Matters articles. All other information remains the same.

### Provider Types Affected

Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs)

### Provider Action Needed

RHCs and FQHCs should be aware of the CY 2005 Payment Rate Increase, an amendment to SNF CB that enables RHCs and FQHCs to bill for certain services furnished in the SNF setting.

### Background

This article and related CR 3575 provide details regarding the CY 2005 Payment Rate Increase for RHC and FQHC services, as well as for the coverage and payment of RHC/FQHC visits furnished within the SNF setting.

### *RHCs & FQHCs Upper Payment Limits for 2005*

Effective for services provided on or after January 1, 2005 for CY 2005, the following upper payment limits (UPLs) per visit apply:

- The RHC UPL is increased from \$68.65 to \$70.78,
- The Urban FQHC UPL is increased from \$106.58 to \$109.88, and
- The Rural FQHC UPL is increased from \$91.64 to \$94.48.

These RHC and FQHC rates reflect a 3.1 percent increase over the 2004 payment limit in accordance with the rate of increase in the Medicare Economic Index (MEI) as authorized by the Social Security Act (SSA) (Section 1833(f)).

#### Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

### *RHC/FQHC Visits Within the SNF Setting:*

The Balanced Budget Act (BBA) of 1997 (Section 4432) amended the statute to add consolidated billing for SNFs in the SSA (Section 1862 (a) (18)). Similar to the hospital bundling provision in the SSA (Section 1862(a)(14)), this provision bundled all Part B services furnished to SNF patients into the SNF Prospective Payment System, except those services specifically excluded by law.

RHC services were not among the excepted services. Consequently, when a SNF resident received RHC or FQHC services during a covered Part A stay, the services were bundled into the SNF's comprehensive per diem payment for the covered stay itself, and were not separately billable as RHC or FQHC services to the Fiscal Intermediary (FI). This meant that, rather than submitting a separate bill to the FI for these services, the RHC or FQHC looked to the SNF for its payment.

However, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA), Public Law 108-173, (Section 410) amended the BBA (Section 4432) to specify that when an SNF Part A patient receives the services of a physician from an RHC or FQHC, those services are not subject to SNF CB just because the services were furnished under the auspices of the RHC or FQHC. Note that this also applies to services provided by other types of practitioners that the law identifies as being excluded from SNF CB.

In accordance with the MMA (Section 410), services that are included within the scope of RHC and FQHC services and are also described in the SSA (Clause (ii) of Section 1888(e)(2)(A)) are excluded from the SNF CB provision. These services are limited to physician, physician's assistant, and nurse practitioner services. Only this subset of RHC/FQHC services may be covered and paid through the RHC/FQHC benefit when furnished to RHC/FQHC patients in a covered Part A, SNF stay.

The MMA amendment enables such RHC and FQHC services to retain their separate identity as excluded "practitioner" services. As such, these RHC and FQHC services are separately billable to the FI when furnished to an SNF resident during a covered Part A stay, effective with services furnished on or after January 1, 2005.

### **Implementation**

The implementation date for this instruction is January 3, 2005.

### **Additional Information**

For complete details, please see the official instruction issued to your intermediary regarding this change. That instruction may be viewed at <http://www.cms.hhs.gov/Transmittals/Downloads/R390CP.pdf> on the CMS web site.

If you have any questions, please contact your intermediary at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS web site.

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